



Reply to
Attn. of:

SP 95-02
CACFP-413
SFSP-248

NOV 17 1994

Subject:

Audit Requirements for Schools, Institutions, and Sponsoring Organizations
Administered Directly by the Bureau of Indian Affairs (BIA)

To:

STATE AGENCY DIRECTORS - Colorado ED, Colorado DH, Colorado SS, Iowa
(Child Nutrition Programs) Kansas, Missouri ED, Missouri DH, Montana OPI,
Montana DHES, Nebraska ED, Nebraska SS,
North Dakota, South Dakota, Utah, Wyoming ED,
Wyoming DHSS

This memorandum addresses audit requirements for BIA schools, institutions, and sponsoring organizations that participate in any of the Child Nutrition Programs (CNP) under an agreement with a State Agency (SA). BIA-operated institutions (including schools and sponsoring organizations/institutions, as appropriate) are not subject to the audit mandates set forth in Program and Departmental Regulations, and Office of Management and Budget Circulars. Please note that the institutions in question are those operated directly by BIA itself. This memorandum does not pertain to audit requirements for private nonprofit organizations, or any other non-Federal entities, that operate under contract to BIA. These latter entities operate under their own agreements with SAs, and are subject to the audit requirements set forth in Program and Departmental regulations, and Office of Management and Budget Circulars.

The audit requirements for the Department of Interior, which is the Executive Agency for BIA, are established by the Inspector General (IG) Act of 1978, Public Law 95-452. The Office of Inspector General (OIG) is responsible for conducting and supervising audits of all programs and operations within the Department of Interior.

Under the IG Act of 1978, an annual Financial Statement Audit is required to be conducted of BIA. Therefore, funding provided to BIA through the Department of Agriculture is included in the Financial Statement and thus any CNP funds are subject to audit. However, if an SA wishes to further the monitoring effort for any participating BIA-operated institution, it may increase the frequency of administrative reviews of the institution conducted under the appropriate CNP regulations, as well as utilize state auditors to perform an audit of CNP operations in the institution. Additionally, if an SA has reason to believe that additional audit is needed, it may make a request that identifies its area(s) of concern, and submit this request to OIG through the CNP in the Mountain Plains Regional Office.

State Agencies that have an agreement(s) with BIA may require that BIA provide a copy of the annual Financial Statement Audit conducted by OIG. If the audit identifies Program-related deficiencies, the SA should request a copy of the corrective action plan to ensure that deficiencies are adequately addressed in accordance

with Program regulations. Though the BIA is ultimately responsible for ensuring that corrective action is taken for any audit findings identified, if feasible, the SA may wish to follow up to determine that corrective action was properly implemented. Whenever corrective action has not been achieved and a BIA-operated institution materially fails to comply with Program regulations, those regulations require SAs to initiate procedures to suspend or terminate the institution from CNP participation.

There is no need for SAs to address the audit requirements for BIA-operated institutions in their Program agreements. However, SAs may wish to include a provision under the terms of the Program agreements requiring the submission of a copy of the annual BIA Financial Statement Audit upon completion.

Please call our office if you have any questions.

Ann C. De Groat

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Regional Director
Child Nutrition Programs

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Original Signed by
Ann C. DeGroat

ANN C. DEGROAT
Regional Director
Child Nutrition Programs

bcc: All Staff--Child Nutrition Programs ✓
Brian Allison, ARA ✓ and All Field Offices ✓
John Merz, Director, Food Distribution ✓
Pat Dent, Director, Financial Management ✓